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New Tax Credit Gives Employers and their Employees Incentive to Boost College Savings

(Boise) – A little more than a year ago, leaders at Boise’s Hayden Beverage Co. set out to better understand what their employees valued about working at the company, and more specifically, what the company could do to support and show appreciation for these workers and their families.

The project involved one-on-one interviews between employees and Dodds Hayden, CEO of the beer and wine distributorship. As Dodds explains, it was during an interview with Larinda Spencer, the human resources manager, that they formulated the idea of offering a company match to employees, using the IDeal 529 college savings program to help employees save money for their children’s education dreams.

Like tens of thousands of Idahoans, Larinda and her husband had opened IDeal 529 college savings accounts for their children and understood the benefit of saving early for college. But for Hayden Beverage Co., the employee match idea felt like it could really send a message to employees and their families.

“We talk so much about trying to help employees with education and training,” Larinda told me. “So, it seemed logical to help them with the education of their family members. We are always looking for something innovative to show how we value our employees. The more we looked into it, the more we felt it was a no-brainer of an idea.”

Thanks to legislation passed earlier this year, Idaho employers have an incentive for contributing directly or creating a matching program like the one now in place at Hayden Beverage. Under the program, employers are eligible for a 20 percent tax credit, up to \$500 per employee per year, for contributing to an employee’s IDeal 529 account. Idaho is now one of only eight states to provide a tax incentive for employers who contribute to 529 accounts.

In addition to the tax benefit, research shows that employers can strengthen the employer-employee relationship through benefits like a 529 savings match. For example, a 2016 survey found that 72 percent of employees said customizable benefits would increase loyalty to their employer¹. Additionally, a May 2020 survey by [Gift of College](#) found that 75 percent of employees would like their employers to help pay for college, and of those more than half agree a 529 payroll deduction option would be helpful².

Just months after the passage of the new legislation, there are already a few Idaho employers using the IDeal 529 program to boost college savings for their employees. Our goal is to have more Idaho companies, both big and small, actively help more Idaho parents save for their children’s post-secondary education futures.

¹<https://www.plansponsor.com/Benefits-Customization-Key-to-Employee-Retention/>

²https://www.prweb.com/releases/new_study_75_of_americans_say_employers_should_help_pay_for_college/prweb17155332.htm

For Hayden Beverage, a benefit like the IDeal 529 match helps achieve a broader objective for Idaho, its companies, and future workforce.

“This is an investment not only in our employees, but in our workforce statewide,” Dodds explains. “We’re all aware of the state goals to increase the rate of students going on to college or some other form of postsecondary education. We’ve got a lot of companies that really need a better educated workforce, and this program is one way to get that.”

Hayden Beverage began its match program last year before the match incentive was available. Given the current level of employee savings, the company expects to exceed \$120,000 in matching funds by the end of the year.

So, does this benefit really make a difference to the company’s employees? Just ask Hayden employee Mayra Thometz, who opened an IDeal 529 college savings account to help pay down her own student debt and so she and her husband can begin saving for their son’s higher education future.

Providing this benefit to Hayden employees “has opened up a lot of doors for people who didn’t think they could do something like this,” said Thometz. “Our CEO cares so much about his employees... and to offer this is purely out of wanting to see all of us do well in life.”

For more information on the IDeal Employer Program and new employer tax credit, visit www.idsaves.org/employer.

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About IDeal – Idaho College Savings Program

IDEal’s office is located within the State Treasurer’s office. IDEal is administered by the State College Savings Program Board. Ascensus Broker Dealer Services, LLC serves as Program Manager. The State College Savings Board consists of the following members:

- State Treasurer Julie Ellsworth, Board Chair
- Governor Brad Little (Greg Wilson, designee)
- State Controller Brandon Woolf (Patrick Hodges, designee)
- Attorney General Lawrence Wasden (Brian Kane, designee)
- Superintendent of Public Instruction Sherri Ybarra (Louie Konkol, designee)
- Secretary of State Lawrence Denney (Chad Houck, designee)

For more information, contact Christine Stoll at 208-332-2935, cstoll@idsaves.idaho.gov or visit www.idsaves.org.

For more information about the Idaho College Savings Program (“IDEal”), call 866-433-2533 or visit www.idsaves.org to obtain a Disclosure Statement. The Disclosure Statement discusses investment objectives, risks, charges, expenses, and other important information. Because investing in IDEal is an important decision for you and your family, you should read and consider the Disclosure Statement carefully before investing. Ascensus Broker Dealer Services, LLC (“ABD”) is Distributor of IDEal.

Before you invest, consider whether you’re or the beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds and protection from creditors that are only available for investments in the that state’s qualified tuition program.

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